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February 5, 1998

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

William P. Eskdale
Claims Specialist II
Environmental Claims Management
Major Claims Facility
CIGNA Property & Casualty
TLP-16A
Two Liberty Place
1601 Chestnut Street
Philadelphia, PA 19192-2191

Re: Potential Claim for Environmental Damage in the
Coeur d'Alene Basin, Northern Idaho
Insured: Group R Co., Inc.
Your File No.: 717 L 036233-X

Dear Mr. Eskdale:

Thank you for your letter of December 11, 1997, in which you acknowledge notice of the above-referenced claim on behalf of Century Indemnity Company as successor to CCI Insurance Company as successor to INA and California Insurance Companies and Pacific Employers Insurance Company. In your letter you stated that you are searching Cigna's records with the respect to the alleged policies and that we can speed your search by providing you with copies of any policies that we have that were issued by the insurance companies listed above. Please be advised that we are working with our client to locate copies of the policies at issue. If

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and when we locate copies of those policies, we will provide them to you. In the meantime, if you locate the policies or other relevant documents, please send them to us as soon as possible.

Our responses to the requests for information contained in your letter follow:

1. **Details with regard to RegO Company and/or RegO Group, Inc.'s operations at this site as follows:**

- a. **How many mines did RegO Company and/or RegO Group, Inc. own and/or operate?**
- b. **What was mined at these mines?**
- c. **During what dates did operations take place?**
- d. **Were mine and mill tailings disposed of in or around the Coeur d'Alene Basin/Bunker Hill site as alleged?**
- e. **If tailings were disposed of at this site, as alleged, does Group R Co., Inc. have any estimate or actual number pertaining to the amount of tailings it dumped in the area?**

RESPONSE: See Group R Co., Inc.'s response to the USEPA's 104(e) Request for Information ("Group R's 104(e) Response") enclosed herewith.

2. **Prior to the commencement of the suits against it has Group R received any communications in the form of a demand to contribute to clean up costs, pay for response costs incurred for natural resource damages from any person or entity? If yes, please attach copies of that/those communications if written or otherwise summarize the conversations had and provide the name of the party and the date, time and place of the discussion.**

RESPONSE: It is Group R's understanding that a number of removal actions have been conducted pursuant to two AOCs. Group R has not been asked to participate, and in fact has not participated, in those efforts and we do not have specific information regarding those efforts at this time. If we obtain any additional information, we will forward it to you.

3. **Did Group R, or any of its predecessors ever receive a PRP letter from the USEPA at any time prior to suit?**

RESPONSE: To the best of our knowledge, Group R did not receive a PRP letter prior to the lawsuit.

4. **Please advise whether the Motions to Amend the Complaints in this action have been granted by the United States District Court for Idaho and whether Group R has been served with a Summons or has otherwise been served properly.**

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RESPONSE: The United States District Court for the District of Idaho has not yet ruled upon the pending motions to amend the complaints. As soon as the motions are resolved, we will notify you.

5. **Kindly supply copies of the Answers filed for the Complaints in this matter and apprise Century of who the assigned defense counsel is.**

RESPONSE: Because the motions to amend the complaints have not been ruled upon, no answer has been filed by Group R. Currently, Group R is represented by this firm, Lowenstein, Sandler, Kohl, Fisher & Boylan.

6. **The full coverage program for the insured.**

RESPONSE: As stated above, this matter is still in the preliminary stages. We currently are in the process of determining our client's full insurance profile. Accordingly, we cannot provide you with this information at this time. We note, however, that this information should not be necessary for you to make a coverage determination with respect to the applicable policies referenced above and we expect that our inability to provide this information at this time will in no way delay your coverage determination.

7. **Information and documents pertaining to the merger of the various predecessor entities and about the various corporate relationships.**

RESPONSE: We currently are in the process of working with our client to assemble information related to this request. Once we gather together the information we will provide it to you.

8. **The name of the firm and the specific attorney assigned to defend Group R and supply contact information for this firm.**

RESPONSE: This firm currently is handling this matter on behalf of Group R. You may contact either Michael David Lichtenstein or David Wissert of this office at the address and telephone numbers listed above.

9. **The extent of damages or cleanup expenses being claimed against Group R, and projections with regard to the outcome of the case.**

RESPONSE: As this matter is still in the preliminary stages, no formal or official estimate of damages has been provided to us, nor have we been provided with a formal estimate of Group R's share of damages, if any, nor can we provide a projection with regard to the outcome of the case. The United States Department of Justice has advised us informally, however, that the total clean-up and Natural Resource Damages associated with the Coeur d'Alene Basin in Northern Idaho could reach two billion dollars (\$2,000,000,000).

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We will continue to keep you updated with respect to the progress of this matter and we look forward to receiving a timely coverage determination.

If you have any questions, or require any additional information, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,


David M. Wissert

DMW:dmw

Enclosures

cc: Michael David Lichtenstein, Esq. (w/o encl.)

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